JUL 28 1986

99TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
99-679

ORIGINAL

WETLANDS LOAN ACT EXTENSION

JULY 16, 1986.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. JONES of North Carolina, from the Committee on Merchant Marine and Fisheries, submitted the following

REPORT

[To accompany H.R. 4531]

[Including cost estimate of the Congressional Budget Office]

The Committee on Merchant Marine and Fisheries, to whom was referred the bill (H.R. 4531) to extend the Wetlands Loan Act, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

On page 1, line 10, strike out "and" after the semicolon.

On page 2, line 1, strike out "each" and insert "the first".

On page 2, line 3, strike out "1988,"." and insert "1988,"; and".

On page 2, after line 3, insert the following new section:

(3) by striking out ". In the event the full amount authorized by the first section of this Act is appropriated before October 1, 1986, the repayment of such funds pursuant to this section shall begin with the next full fiscal year" in section 3.

On page 2, line 8, strike "(a)(1);" and insert "(a)(2);".

On page 2, after line 11, insert the following new subsection:

SEC. 3. Duck Stamp Act.

The first sentence of section 2(b) of the Act of March 16, 1934 (16 U.S.C. 718b), commonly known as the Duck Stamp Act, is amended by inserting "available for obligation and" before "attributable to".

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History of the Legislation

H.R. 4531 was introduced on April 9, 1986 by Mr. Breaux and referred to the Committee on Merchant Marine and Fisheries. Because of the noncontroversial nature of the legislation and because hearings on similar legislation had been held on the legislation in the 98th Congress, no hearings were held on the bill.

H.R. 4531 was considered by the Subcommittee on Fisheries and Wildlife Conservation and the Environment on May 14, 1986 and reported to the Full Committee, with an amendment, by unanimous voice vote. The bill was reported out of the Merchant Marine and Fisheries Committee on May 15, 1986 by unanimous voice vote.

Purpose of the Legislation

The purposes of the legislation are to extend the Wetlands Loan Act through Fiscal Year 1988; to increase the authorization of the Atchafalaya National Wildlife Refuge; and to clarify the language of the Migratory Bird Hunting and Conservation Stamp relative to the Balanced Budget and Emergency Deficit Control Act of 1985.

Background and Need for Legislation

Approximately half of the 215 million acres of wetlands which are estimated to have existed in the United States prior to European settlement have disappeared, and the continued destruction of these areas poses a serious threat to the nation's economy as well as its environmental well-being. A recent report (September, 1982), published by the U.S. Fish and Wildlife Service on the status and trends of wetlands and deepwater habitats in the coterminous United States, 1950's to 1970's, concludes that over the 20-year study period there has been a net average annual loss of 458,000 acres.

As the need for agricultural crops continues to increase and urban areas continue to expand, the total acreage of wetlands will continue to decline. These documented losses indicates the need for intensive management of our existing wetlands in order to maintain current levels of the valuable fish and wildlife resources.

Wetlands provide innumerable benefits to the general public. They provide essential spawning, breeding, feeding, and resting habitat for recreational and commercially important fish and shellfish species. Wetlands provide breeding, resting, and wintering grounds for migratory waterfowl. Numerous other species find homes in wetlands including mink, beaver, muskrat, raccoon, and nutria which support a multi-million dollar per year fur trapping industry.

In addition to providing habitat, wetlands have other, perhaps more valuable, functions. They slow the flow of water by storing flood peaks and releasing the stored water to the ground and to streams during low flood periods. The capacity of wetlands to trap, filter, and decompose silt and organic materials, as well as more complicated toxics, and to recycle nutrients into the environment is well documented in the scientific literature. Indeed, wetlands have been used very successfully as a replacement for expensive tertiary treatment facilities for municipal waste water.

Other values, more difficult to quantify, are aesthetic, historical, archaeological, educational, recreational, research, and habitat for endangered species such as the whooping crane and American crocodile.

Environmental economists estimate that wetlands contribute $20–$40 billion per year to the national economy. One would need to pay at least $50,000 to $80,000 per acre to replace all of the functions that a wetland performs. The most obvious and effective method to address the loss of wetlands is through acquisition, either by fee purchase or conservation easement. In the early 1950's the Fish and Wildlife Service, the states, and the International Association of Fish and Wildlife Agencies set a goal for protection of 12.5 million acres (8 million acres by the Federal Government and 4.5 by the states) of waterfowl habitat needed to maintain populations that existed at that time. To date, 1.6 million acres of the Federal share are still necessary and remain to be acquired.

The major source of Federal funding for wetland acquisition has been the Migratory Bird Conservation Fund. Established in the 1930's, this fund receives money from the sale of migratory bird hunting and conservation stamps, more popularly referred to as "Duck Stamps." The sale of these stamps currently raises approximately $14.5 million per year. Since the program was established in 1934, about $300 million has been spent for habitat acquisition and more than 3.6 million acres of waterfowl habitat have been purchased.

In 1961, Congress passed the Wetlands Loan Act to provide a means to accelerate the acquisition of migratory waterfowl habitat. This law, as amended, authorized $200 million to be appropriated as a loan against future Duck Stamp revenues and can be used only for the purchase of migratory waterfowl habitat. The authorization, of which $189,439,000 has been appropriated, expires at the end of Fiscal Year 1986 and, beginning in Fiscal Year 1987, 75 percent of the revenue raised from the sale of duck stamps must be used to repay the loan. This would mean that less than $4 million per year would be available from the duck stamp program for acquisition of waterfowl habitat. Additional legislation, therefore, is needed in order to avoid any decrease in this crucial wetland acquisition program.

The Atchafalaya National Wildlife Refuge was established by Public Law 98–548. That Act authorized the Secretary of the Interior to designate, with the concurrence of the State of Louisiana, lands and waters considered appropriate for a national wildlife refuge within the Atchafalaya Basin. The lands were to be purchased with funds provided under Public Law 98–396, a supplemental appropriations bill for Fiscal Year 1984.

Since the passage of the legislation authorizing the refuge, the U.S. Fish and Wildlife Service has been negotiating with landowners in the Basin. Recently, an agreement was reached between the Service and a large landholding company wishing to liquidate its holding in the Basin. This agreement would provide for the acquisition of over 15,000 acres of wildlife habitat within the Atchafalaya Basin for approximately $12.4 million. As some of the acreage to be purchased falls outside of the original area designated for acquisi-

tion and additional funds are required to purchase the area, it is necessary to clarify the legislation establishing the refuge.

Finally, the passage of the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings) has raised technical concerns relating to the Migratory Bird Conservation Account. This account, established by the Migratory Bird Hunting and Conservaton Stamp Act, provides for the acquisition of waterfowl habitat from the proceeds of the sale of Duck Stamps.

THE AMENDMENT

The amendment adopted during consideration of H.R. 4531 by the Subcommittee on Fisheries and Wildlife Conservation and Environment (1) eliminates the requirement in the Wetlands Loan Act that requires that repayment of the loan begin in the fiscal year following the fiscal year in which the entire amount is appropriated; (2) clarifies the language of the Migratory Bird Hunting and Conservation Stamp Act relative to sequestrations under the Balanced Budget and Emergency Budget and Emergency Deficit Control Act of 1985, and; (3) makes a technical correction.

SECTION-BY-SECTION ANALYSIS

Section 1 extends the Wetlands Loan Act through Fiscal Year 1988 by extending the authorization for funding through the period, changing the date for the commencement of repayment of the loan from October 1, 1986 to October 1, 1988, and eliminating the requirement that repayment of the loan begin in the fiscal year following the fiscal year in which the entire amount is appropriated.

Section 2 makes technical changes in the legislation authorizing the establishment of the Atchafalaya National Wildlife Refuge to facilitate acquisition of the Refuge. The changes clarify the authority of the Fish and Wildlife Service to alter the proposed boundaries of the Refuge to incorporate habitat areas that have been made available for acquisition and to use all funds appropriated for acquisition of the Refuge for that purpose.

Section 3 makes a technical change in the Migratory Bird Hunting and Conservation Stamp Act, more commonly known as the Duck Stamp Act. Current law requires the Fish and Wildlife Service to obligate all of the funds attributable to the sale of Duck Stamps or to Wetlands Loan Act appropriations by February 1 of the year after the funds are collected or appropriated. If the Service fails to obligate 100 precent of these funds, the price of the Duck Stamp drops from $7.50 to $5.00. There is a concern that the sequestration of certain sums of money in the migratory bird conservation fund under the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings) could be characterized as a failure to obligate all available funds for that year, thereby triggering a reduction in the price of the stamp. While this interpretation has been questioned, the Committee believes it is appropriate to clarify the language to specify that the Service is only required to obligate those funds which are available and that failure to obligate sequestered funds would not require the reduction in the price of the stamp. It should be noted that any funds in the

Migratory Bird Conservation Account that are sequestered become available for obligation in subsequent fiscal years.

Cost of the Legislation

The Committee concurs in the cost estimates prepared by the Congressional budget Office.

Inflationary Impact Statement

Pursuant to clause 2(l)(4) of Rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment of H.R. 4531 would have no significant inflationary impact on the prices and cost in the national economy.

Compliance With Clause 2(l)(3) of Rule XI

With respect to the requirements of clause 2(l)(3) of Rule XI of the Rules of the House of Representatives—

(A) The Subcommittee on Fisheries and Wildlife Conservation and the Environment held no hearings on H.R. 4531.

(B) The requirements of section 308(a) of the Congressional Budget Act of 1974 are not applicable to this legislation.

(C) The Committee on Government Operations has sent no report to the Committee on Merchant Marine and Fisheries pursuant to clause 2(b)(2) of Rule X.

(D) A letter was received from the Director of the Congressional Budget Office, pursuant to section 403 of the Congressional Budget Act of 1974 in reference to H.R. 4531, and follows herewith:

U.S. Congress,
Congressional Budget Office,
Washington, DC, May 30, 1986.

Hon. Walter B. Jones,
Chairman, Committee on Merchant Marine and Fisheries, U.S. House of Representatives, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the attached cost estimate for H.R. 4531, a bill to extend the Wetlands Loan Act, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

Rudolph G. Penner, *Director.*

Congressional Budget Office, Cost Estimate

1. Bill number: H.R. 4531.

2. Bill title: A bill to extend the Wetlands Loan Act, and for other purposes.

3. Bill status: As ordered reported by the House Committee on Merchant Marine and Fisheries, May 14, 1986.

4. Bill purpose: H.R. 4531 would extend through fiscal year 1988 the authorization for appropriations to the Migratory Bird Conservation account. The cumulative ceiling for such appropriations, which are treated as advances from the general treasury, would

remain unchanged at $200 million. The bill would postpone until October 1, 1988 the date on which the fund must begin repaying the advances, even if the $200 million ceiling is reached before then.

Section 2 of the bill would amend Title III of Public Law 98-548, an act to extend the Wetlands Loan Act, relating to the establishment of the Atchafalaya National Wildlife Refuge. Under current law, the authorization for land acquisition at Atchafalaya is limited to funds provided in a fiscal year 1984 supplemental appropriations act (Public Law 98-396). H.R. 4531 would remove this limitation by authorizing the Secretary to acquire lands at Atchafalaya with any funds appropriated for that purpose.

Finally, Section 3 of H.R. 4531 would clarify provisions of existing law relating to the price charged for federal duck stamps.

5. Estimated cost to the Federal Government:

[by fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Requiring appropriation action:					
Estimated authorization level	2.4	11.0			
Estimated outlays	2.4	11.0			
Direct spending:					
Estimated Budget Authority		10.9	10.9		
Estimated outlays		10.9	10.9		

The costs of this bill fall within budget function 300.

Basis of estimate: To date, $189 million of the $200 million authorized for advances has been appropriated to the Migratory Bird Conservation account. For purposes of this estimate, CBO has assumed that H.R. 4531 will be enacted by July 1, 1986 and that the remaining $11 million will be appropriated for fiscal year 1987. In addition, the postponement of advance repayments until October 1, 1988 will enable the U.S. Fish and Wildlife Service to spend all net duck stamp revenues for two more years, rather than turning over 75 percent of these to the Treasury beginning October 1, 1986, as required by current law. This will result in additional annual budget authority and outlays of $10.9 million for fiscal years 1987 and 1988. Outlays from funds appropriated as advances and from budget authority derived from delaying repayment of the advances have been estimated on the basis of historical spending patterns and information obtained from the Department of the Interior.

Section 2 of the bill would authorize the Department of the Interior to acquire lands for the Atchafalaya National Wildlife Refuge with any funds provided in appropriation acts. This provision effectively authorizes the appropriation of such sums as may be necessary for land acquisition in the refuge. To date $10 million has been appropriated for this purpose. Based on information from the Department of the Interior, CBO estimates that an additional appropriation of $2.4 million would be sufficient to acquire the necessary lands. For purposes of this estimate, CBO has assumed that the additional funds will be appropriated for fiscal year 1986. The

associated outlays have been estimated on the basis of infomation obtained from the Department of the Interior.

Section 3 would make certain technical corrections to current law relating to the prices charged for duck stamps. We expect this section to have no impact on the federal budget.

6. Estimated cost to State and local Governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Deb Reis.

10. Estimate approved by Robert A. Sunshine for James L. Blum, Assistant Director for Budget Analysis.

Departmental Reports

The Subcommittee received a departmental report from the Council on Environmental Quality.

Executive Office of the President,
Council on Environmental Quality,
Washington, DC, June 23, 1986.

Hon. Walter B. Jones,
Chairman, Committee on Merchant Marine and Fisheries, U.S. House of Representatives, Washington, DC.

Dear Mr. Chairman: Thank you for your letter of April 14, 1986 inviting the Council on Environmental Quality to comment on H.R. 4531, a bill "To extend the Wetlands Loan Act, and for other purposes." We appreciated the opportunity to review this proposed legislation. At this time, however, the Council has no comment.

Sincerely,

A. Alan Hill,
Chairman.

Changes in Existing Law

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, as amended, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

P.L. 98-548, Sec. 303

Sec. 303. (a)(1) * * *

* * * * * * *

(2) The Secretary may make such [minor] revisions in the boundaries designated under paragraph (1)(B) of this subsection as may be appropriated to carry out the purpose of this Act or to facilitate the acquisition of property within the refuge.

(b) Acquisition.—The Secretary shall acquire with funds provided under [Public Law 98-396,] *appropriations Acts,* the lands, waters, or interests therein within the boundaries designated under subsection (a)(1)(B). The Secretary is authorized to include in any transfer of property to the United States, pursuant to this Act, language requiring the United States, in the event that such property

is no longer required for fish and wildlife conservation and prior to any subsequent sale, exchange, other transfer of the property acquired, to first offer such property to the vendors, their heirs, successors or assigns, at the same price then being offered by any third party, which price shall in no event be less than the current fair market value.

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16 U.S.C. 715k-3

§ 715k-3. Authorization of appropriations for preservation of wetlands and other waterfowl habitat

In order to promote the conservation of migratory waterfowl and to offset or prevent the serious loss of important wetlands and other waterfowl habitat essential to the preservation of such waterfowl, there is authorized to be appropriated for the period beginning on July 1, 1961, and ending at the close of [September 30, 1986,] *September 30, 1988,* not to exceed $200,000,000.

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16 U.S.C. 715k-5

§ 715k-5. Advance to migratory bird conservation fund; repayments; acquisition of lands

Funds appropriated pursuant to sections 715k-3 to 715k-5 of this title shall be treated as an advance, without interest, to the migratory bird conservation fund. Such appropriated funds, beginning on [October 1, 1986,] *October 1, 1988,* shall be repaid to the Treasury out of the migratory bird conservation fund, such repayment shall be made in annual amounts comprising 75 per centum of the moneys accruing annually to such fund. [In the event the full amount authorized by section 715k-3 of this title is appropriated before October 1, 1986, the repayment of such funds pursuant to this section shall begin with the next full fiscal year.] No land shall be acquired with moneys from the migratory bird conservation fund unless the acquisition thereof has been approved by the Governor of the State or appropriate State agency.

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16 U.S.C. 718b

§ 718b. Issuance and sale of stamps; deposit of funds in migratory bird conservation fund; fees; validity; expiration; redemption; "retail dealers" and "hunting year" defined

* * * * * * *

(b) COST OF STAMP

The Postal Service shall collect $7.50 for each stamp sold under the provisions of this section for any hunting year if the Secretary of the Interior determines, at any time before February 1 of the calendar year in which such hunting year begins, that all sums in the migratory bird conservation fund *available for obligation and* attributable to—

(1) amounts appropriated pursuant to this subchapter for the fiscal year ending in the immediate preceding calendar year; and

(2) the sale of stamps under this section during such fiscal year

have been obligated for expenditure. For purposes of this section, the term "hunting year" means the 12-month period beginning on July 1 of any such year.

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